

107TH CONGRESS
1ST SESSION

H. R. 1342

To amend the Internal Revenue Code of 1986 reduce individual capital gains rates.

IN THE HOUSE OF REPRESENTATIVES

APRIL 3, 2001

Mr. COLLINS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 reduce individual capital gains rates.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Capital Gains Tax
5 Rate Reduction Act of 2001”.

6 **SEC. 2. REDUCTION IN CAPITAL GAINS RATES FOR INDIVID-**
7 **UALS.**

8 (a) IN GENERAL.—

9 (1) 10-PERCENT RATE REDUCED TO 5 PER-
10 CENT.—Subparagraph (B) of section 1(h) of the In-

ternal Revenue Code of 1986 (relating to general rule for maximum capital gains rate) is amended by striking “10 percent” and inserting “5 percent”.

(2) 20-PERCENT RATE REDUCED TO 10 PERCENT.—Subparagraph (C) of section 1(h) of such Code is amended by striking “20 percent” and inserting “10 percent”.

(3) CONFORMING AMENDMENTS.—

(A) Section 57(a)(7) of such Code is amended by striking the last sentence.

(B) Paragraph (1) of section 1445(e) is amended by striking “20 percent” and inserting “10 percent”.

(C) The second sentence of section 7518(g)(6)(A), and the second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, are each amended by striking “20 percent” and inserting “10 percent”.

(b) REPEAL OF REDUCED RATES FOR QUALIFIED 5-YEAR GAIN.—

(1) IN GENERAL.—Section 1(h) of such Code is amended by striking paragraph (2) and redesignating paragraphs (3) through (13) as paragraphs (2) through (12), respectively.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (A)(ii) of section 1(h)(6) of such Code, as redesignated by paragraph (1), is amended—

(i) in subclause (I) by striking “paragraph (5)(B)” and inserting “paragraph (4)(B)”, and

(ii) in subclause (II) by striking “paragraph (5)(A)” and inserting “paragraph (4)(A)”.

(B) Paragraph (9) of section 1(h) of such Code is amended by striking “paragraph (7)(A)(i)” and inserting “paragraph (6)(A)(i)”.

(C) Section 1(h) of such Code is amended by striking paragraph (12), as redesignated by paragraph (1).

(c) MINIMUM TAX.—

(1) IN GENERAL.—

(A) 10-PERCENT RATE REDUCED TO 5 PERCENT.—Subparagraph (B) of section 55(b)(3) of such Code is amended by striking “10 percent” and inserting “5 percent”.

(B) 20-PERCENT RATE REDUCED TO 10 PERCENT.—Subparagraph (C) of section 55(b)(3) of such Code is amended by striking “20 percent” and inserting “10 percent”.

1 (2) CONFORMING AMENDMENT.—Paragraph (3)
2 of section 55(b) of such Code is amended in the
3 matter following subparagraph (D) by striking “In
4 the case of taxable years beginning after December
5 31, 2000, rules similar to the rules of section
6 1(h)(2) shall apply for purposes of subparagraphs
7 (B) and (C).”.

8 (d) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as provided by para-
10 graph (2), the amendments made by this section
11 shall apply to taxable years beginning after Decem-
12 ber 31, 2000.

13 (2) WITHHOLDING.—The amendment made by
14 subsection (a)(3)(B) shall apply to amounts paid
15 after the date of the enactment of this Act.

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